

SUPPLEMENT TO THE MONTHLY REVIEW



February 1, 1927

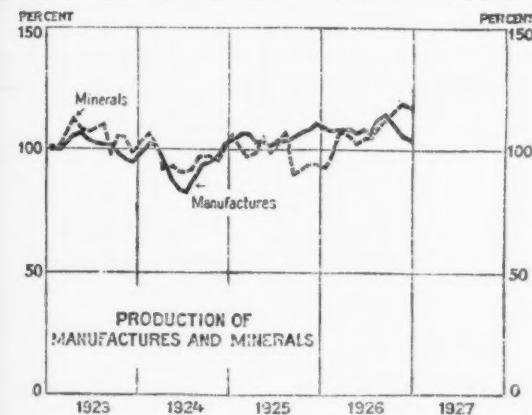
Business Failures in the Tenth District

The record for 1926 shows 30 more failures in the Tenth District than was reported for 1925, but the amount of liabilities was \$1,337,042 less than in the preceding year and the smallest for any year since 1920. The annual reports of R. G. Dun & Company on failures in this District for the past seven years follow:

Year	Number	Liabilities
1920	375	\$10,190,370
1921	883	27,347,624
1922	984	25,686,211
1923	933	17,520,042
1924	1,478	27,575,805
1925	1,238	16,117,033
1926	1,268	14,779,991

Failures in the United States in December, reported by R. G. Dun & Company and segregated by Federal Reserve districts, are shown with figures for December 1925 for comparison in the following table:

	NUMBER		LIABILITIES	
	1926	1925	1926	1925
First, Boston	213	228	\$ 5,697,840	\$ 4,994,177
Second, New York	413	422	10,024,274	7,521,099
Third, Philadelphia	76	92	1,409,253	2,649,331
Fourth, Cleveland	132	194	3,263,300	4,338,840
Fifth, Richmond	125	106	3,179,434	3,596,748
Sixth, Atlanta	127	64	6,655,117	1,206,227
Seventh, Chicago	280	260	6,206,549	5,467,071
Eighth, St. Louis	86	80	1,331,361	1,323,752
Ninth, Minneapolis	127	89	1,430,050	1,414,078
TENTH, KANSAS CITY	118	100	1,247,400	1,176,400
Eleventh, Dallas	114	49	1,815,600	608,088
Twelfth, San Francisco	258	194	3,299,400	2,232,349
U. S. Total, December	2,069	1,878	\$ 45,619,578	\$ 36,528,160
U. S. Total, Year	21,573	21,214	409,242,278	443,744,272
TENTH DISTRICT, Year	1,268	1,238	14,779,991	16,117,033

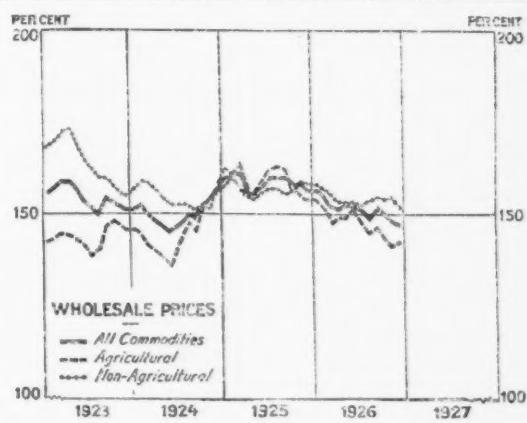


Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-5, average—100.) Latest figures December 1926: Manufactures 104, Minerals 117.

Business Conditions in the United States

Volume of output of industry decreased further in December to the lowest level in more than a year, and wholesale prices continued to decline. Easier conditions in the money market in January reflected the usual seasonal liquidation after the turn of the year.

PRODUCTION: In December, for the third consecutive month, there was a decrease in industrial production, and the Board's new index, with adjustment for seasonal variations, was 105 on the basis of the average for 1923, 1924, and 1925 as 100. This compares with 113 in September, the high point of the year, and with 108 a year ago. The decline since the recent high point has been entirely in the manufacturing industries, as the output of minerals was at a record high level in November and showed only a slight decline in December. By far the greatest recession of recent months has been in the automobile industry, output of passenger cars and trucks in the United States decreasing from 425,000 in August to 165,000 in December. Reduction in the manufacture of automobiles is usual at the end of the year, when plants close for inventory taking and repairs, but in December 1926 the decline was considerably larger than usual. Production of iron and steel has also been sharply reduced since the middle of August, and activity in the woolen and worsted and silk industries has been somewhat curtailed. Production of lumber, cement, and other building material has reflected the usual winter decrease in demand. Cotton consumption, on the other hand, was larger than in any previous December. Factory employment and payrolls declined further in December, reflecting decreases in nearly all industries except cotton goods, clothing, foundries, machine shops and in printing and publishing.



Indexes of United States Bureau of Labor Statistics. (1913—100.) Latest figures December 1926: All commodities 147.2, non-agricultural commodities 151.5, agricultural commodities 142.2.

The value of building contracts awarded in December, as in November, was larger than in the corresponding period a year earlier, but for the first three weeks of January contracts were in smaller volume than during the same weeks of 1926.

TRADE: Retail sales during the holiday trade in December exceeded all previous records. Sales of Department stores were approximately 4 per cent larger than in December of last year and sales of mail order houses, while slightly smaller than in 1925, were larger than in the corresponding month of any other year. Sales at wholesale, on the other hand, declined in December and were smaller than a year ago in practically all leading lines, except shoes. Merchandise stocks carried by department stores were reduced slightly more than is usual in December and were somewhat smaller at the end of the month than in 1925, and wholesale stocks were also slightly smaller than a year ago.

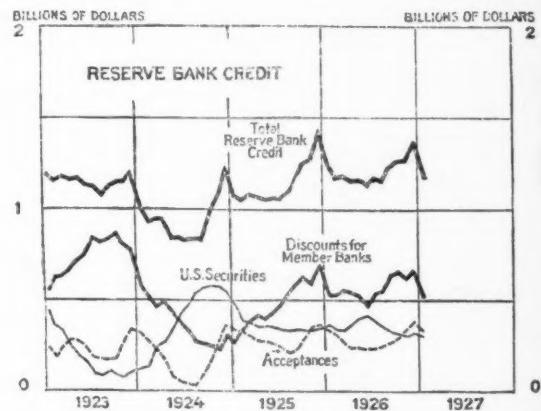
PRICES: Wholesale prices declined further in December and the Bureau of Labor statistics index at 147 for that month was at the lowest level since the middle of 1924. Prices of agricultural products, which declined considerably in October and November, increased slightly in December, owing to advances in prices of grains and cattle. In January iron and steel prices

were slightly reduced and there were further declines in bituminous coal and nonferrous metals, while prices of cotton goods and coke advanced.

BANK CREDIT: At the Reserve Banks during the four weeks following the peak of the seasonal currency demand, there was a return flow of Federal Reserve Notes and other cash from circulation amounting in the aggregate to about \$400,000,000. This return flow of currency was in about the same volume as a year ago and together with substantial gold imports, was reflected in a reduction of the volume of reserve bank credit in use to a level on January 19 lower than at any time since the summer of 1925. Loans and investments of Member Banks in leading cities, after increasing to a record level at the end of the year, declined sharply in January. Commercial loans, which had reached their seasonal peak in November, were in the middle of January about \$200,000,000 below the maximum figure but still more than \$300,000,000 above the level of a year ago. Loans on securities of the reporting banks also declined after the turn of the year, following a large increase in December, and were slightly smaller than in January of last year. Easier money conditions prevailed in the money market in January and rates on prime commercial paper declined from $4\frac{1}{2}$ to $4\frac{1}{4}$ per cent and those on bankers acceptances from $3\frac{7}{8}$ to a range of $3\frac{1}{8}$ to $3\frac{3}{4}$ per cent.



Index of sales of 359 stores, (1919=100). Latest figures December 1926. Adjusted index 146, unadjusted index 233.



Monthly average of daily figures for twelve Federal Reserve Banks. Latest figures are averages of first twenty-three days of January 1927.

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